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**BC Securities Commission releases its
*National Investment Fraud Vulnerability Report***

Vancouver – A national study of almost 2,500 older Canadians (50+), released for Fraud Awareness Month, found that almost 1-in-5 are vulnerable to a highly risky investment offer. More than 2-in-5 don't understand the fundamental relationship between risk and return and only 1-in-4 have a realistic expectation of the current rates of return for their investments.

The BC Securities Commission engaged Innovative Research Group Inc. to prepare this report to develop a profile of older Canadians' vulnerability to investment fraud. It shows that Canadians 50+ who have unrealistic expectations about market returns and who do not understand the relationship between risk and reward are more likely to fall victim to a fraudulent investment offer. Fear of running out of money in retirement increases that vulnerability.

“When you combine the fact that many older Canadians don't have a good grasp of what a realistic level of return is in the market with their lack of understanding about the relationship between risk and return, you have the perfect storm for con artists. This group is more vulnerable to promises of unrealistic returns, especially when the offer comes with the additional promise of no risk,” said BCSC Chair Brenda Leong.

The first question in the study tested older Canadians' vulnerability by asking how they would respond to a clearly fraudulent investment offer. Over a quarter of Canadians 50+ demonstrated their vulnerability by saying that they either would look at it further (19%) or simply didn't know (7%). These people tended to fall into the pre-retiree category.

The study also examined other circumstances that heightened vulnerability to investment fraud: those who regularly get involved in risky sales situations such as attending sales presentations; those with little or no savings set aside for the future; and those who have trouble making ends meet.

“This survey tells us that there are a number of significant factors today that make older Canadians vulnerable to investment fraud. The sheer number of Canadians approaching retirement, the current low interest rates and market returns, and the lack of understanding of the fundamental relationship between investment risk and return suggests that we, as regulators have to be as vigilant in helping to protect investors.

“What investors need to understand is that when they are tempted by products with higher than average returns, they are typically being offered high risk investments:

unproven businesses that could fail or in some cases, out-and-out frauds,” said BCSC Chair, Brenda Leong. “Investors also need to be vigilant.”

To help people understand the warning signs of investment fraud, the BC Securities Commission is launching the second phase of its three-year “Be Fraud Aware” campaign.

It includes radio and newspaper ads, a *Guide to Investment Fraud* newspaper insert and mail drop in population centres with a high proportion of older Canadians, a YouTube video and a province-wide fraud literacy contest. The first phase of the campaign, launched in the fall of 2011, was aimed at the Chinese and South Asian communities, who represent 40% and 26% respectively of BC’s minority population.

This national on-line survey of 2,461 Canadians aged 50 years and older, was conducted in English and French between January 11 and 23rd, 2012.

The complete study is posted on www.bcsc.bc.ca and www.investright.org. The B.C. Securities Commission is the independent provincial government agency responsible for regulating trading in securities within the province.

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